

Message Text

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ACTION ARA-15

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
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FM AMEMBASSY BOGOTA
TO SECSTATE WASHDC PRIORITY 0038

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EO 11652: NA
TAGS: ECON/ETRD/EAGR/BEXP/CO

SUBJ: ECONOMIC POLICY - PRESIDENT OUTLINES POLICY IN SPEECH
TO ANDI

1. SUMMARY: ON SEPTEMBER 8, 1978, PRESIDENT TURBAY OUTLINED HIS ECONOMIC PROGRAM IN A SPEECH TO ANDI (NATIONAL ASSOCIATION OF INDUSTRIALISTS) IN CARTAGENA. THERE WERE NO SURPRISES; TURBAY DID NOT DEPART FROM HIS CAMPAIGN PROMISES. THE MAIN THEMES OF THE SPEECH WERE THE NEED FOR EXPANSION OF THE COLOMBIAN ECONOMY, FOR DECENTRALIZATION OF ECONOMIC DEVELOPMENT, AND FOR DECONCENTRATION OF WEALTH. HIS PLEDGE TO SEEK INCREASED EXPORT SUBSIDIES FOR LABOR INTENSIVE INDUSTRIES AND FOR INDUSTRIES HIGH IN VALUE ADDED TO THE ECONOMY COULD HAVE IMPORTANT IMPLICATIONS FOR THE US.

2. THE MAIN THEMES OF TURBAY'S SPEECH HAD BEEN REITERATED IN HIS CAMPAIGN. (SEE BOGOTA A002).

3. TO ACHIEVE HIS GOALS OF EXPANSION, DECENTRALIZATION, AND DECONCENTRATION. TURBAY PROPOSED INCREASING AND DIVERSIFYING
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EXPORTS, LIBERALIZING CREDIT FOR KEY INDUSTRIES, INCREASING EMPLOYMENT, MODERNIZING THE AGRICULTURAL SECTOR, DEVELOPING NEW INDUSTRIAL PARKS AND FREE INDUSTRIAL ZONES, SIMPLIFYING THE PLAN VALLEJO, SPEEDING UP INFRASTRUCTURE DEVELOPMENT, AND BORADENING COOPERATION WITH THE ANDEAN PACT IN GENERAL, AND, SPECIFICALLY, WITH VENEZUELA AND ECUADOR. INFRASTRUCTURE DEVELOPMENT, HE SAID, WOULD BE FINANCED WITH FOREIGN LOANS,

WHILE EXPORT EARNINGS WOULD BE UTILIZED TO FINANCE PURCHASES OF INTERMEDIATE AND CAPITAL GOODS. HE PROMISED TO SEEK INCREASED EXPORT SUBSIDIES THROUGH THE CAT (CERTIFICADO DE ABONO TRIBUTARIO) FOR LABOR INTENSIVE PRODUCTS AND FOR GOODS WHICH WOULD BE HIGH IN VALUE ADDED TO THE COLOMBIAN ECONOMY. HE ALSO PLEDGED THAT TAX AND CREDIT INCENTIVES WOULD BE PROVIDED TO SMALL AND MEDIUM SIZE MANUFACTURERS, WHOSE INDUSTRIES WOULD BE MORE LABOR INTENSIVE THAN LARGE INDUSTRIES. FINALLY, HE STRESSED THAT GOVERNMENT INTERFERENCE IN THE ECONOMY WOULD BE MINIMAL, BUT THAT IT WOULD STIMULATE AND CHANNEL DEVELOPMENT. HE PROMISED THAT THE GOVERNMENT WOULD CONTROL PRICES ONLY FOR A FEW CRUCIAL FAMILY FOOD BASKET COMMODITIES AND FOR GOODS PRODUCED BY MONOPOLISTIC OR OLIGOPOLISTIC INDUSTRIES.

4. COMMENT: TURBAY'S SPEECH WAS AS IMPORTANT FOR WHAT HE DID NOT SAY AS FOR WHAT HE SAID. HE MADE FEW SPECIFIC REFERENCES, NONE OF THEM NEGATIVE, TO THE US; ALTHOUGH CASTING ASPERSIONS ON SOME US POLICIES MIGHT HAVE BEEN POPULAR WITH HIS AUDIENCE. PAST ANDI MEETINGS HAVE GIVEN A WARM RECEPTION TO SPEAKERS CRITICAL OF US ECONOMIC POLICIES, ESPECIALLY US TARIFF BARRIERS TO COLOMBIAN GOODS. HE DID NOT MENTION AGRARIAN REFORM, ALTHOUGH A SUBSTANTIAL PORTION OF HIS SPEECH WAS DEVOTED TO THE NEED TO MODERNIZE THE AGRICULTURAL SECTOR

OF THE ECONOMY. WHILE HE SPOKE OF THE NEED TO "COLOMBIANIZE" HIS COUNTRY'S TECHNOLOGY, HE DID NOT PROPOSE FORCED TRANSFER OF LIMITED OFFICIAL USE

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TECHNOLOGY, BUT THE USE OF FREE INDUSTRIAL ZONES AS MEANS FOR COLOMBIANS TO DEVELOP TECHNICAL SKILLS WITHOUT HAVING TO STUDY OR WORK ABROAD AND THE CHOICE BY COLOMBIA OF APPROPRIATE TECHNOLOGY. HE MADE NO MENTION OF COLOMBIA'S PETROLEUM POLICY OR ENTRY POLICY, EXCEPT FOR A BRIEF REFERENCE TO THE ENDANGERING OF SOURCES OF HYDROELECTRIC POWER BY THE DIMINISHING OF COLOMBIA'S WATER SUPPLY.

5. TURBAY'S PLANS TO DEVELOP THE AGRICULTURAL SECTOR AND TO EXPAND FREE INDUSTRIAL ZONES, IF IMPLEMENTED, WOULD OFFER OPPORTUNITIES FOR US BUSINESS. IN HIS DISCUSSION OF MODERNIZATION OF AGRICULTURE, THE PRESIDENT SPOKE SPECIFICALLY OF THE NEED FOR PULP AND PAPER PLANTS AND FOR IMPROVED CANNING, FOOD PROCESSING, AND FOOD STORAGE INDUSTRIES.

6. EMBASSY WILL SEND TEXT OF SPEECH BY AIRGRAM.
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